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AREI UPDATES: Agricultural Land Values

Updates on Agricultural Resources and Environmental Indicators

Natural Resources and Environment Division
Economic Research Service, U.S. Department of Agriculture

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Number 17

U.S. Farm Real Estate Values Up 6.4 Percent in 1994

- U.S. farm real estate values averaged \$832 per acre as of January 1, 1995--6.4 percent above a year earlier. This represents an inflation-adjusted increase of 4.5 percent.
- Farm real estate value estimates for 1989-94 have been revised, based on the 1992 Census of Agriculture [see box on back page].
- For the first time, the farmland values component of the estimates is based on data gathered in the June Agricultural Survey (JAS), an area-frame survey conducted by USDA's National Agricultural Statistics Service.

The 6.4-percent increase in per-acre value of U.S. farm real estate during 1994 marks the 8th consecutive yearly increase since 1987. The average nominal value of \$832 per acre as of Jan. 1, 1995, surpassed the previous record high of \$823 for farm real estate set in 1982. However, on a real (or inflation-adjusted) basis, the Jan. 1, 1995, average was still 42 percent below the 1981 peak. The 1993-94 and 1994-95 increases represent the strongest yearly gains, in both nominal and real terms, since the recovery began in 1987.

With the exception of New York and California, where average farm real estate values were essentially unchanged, all States recorded increases over 1994 values. Four States shared the largest increase—13.0 percent in Alabama, Ohio, Oregon, and

Utah. Regionally, the Corn Belt led the Nation with an 8.8-percent increase, moving the 1993 leader, the Mountain States, into second place with an 8.5-percent gain.

The January 1, 1995, estimates mark the first use of the June Agricultural Survey (JAS) as the survey instrument for gathering data on changes in farmland values. The JAS replaces the Agricultural Land Values Survey (ALVS) which had been used since 1984 to estimate changes in agricultural land values [see box on back page]. The ALVS, a list frame survey, polled a sample of farmers about their opinions of farmland values and cash rents in their localities or counties. The JAS, on the other hand, is a probability survey based on a land area frame that is divided into "segments" representative of land uses across the Nation. Segments are selected to represent approximately 1 percent of the total land area in the coterminous 48 States, with 20 percent of the segments replaced each year. Within these segments, enumerators identify "tracts," which represent a particular farm operator's acreage within the segment. Farm operators then provide estimates of the value per acre for the farmland within their tract. In 1995, 14,603 segments were sampled. Within these segments, enumerators identified 119,012 tracts, of which 50,294 were classified as agricultural. The area frame design allows a more precise statistical representation of land uses and thus a more accurate estimate of land values.

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About AREI UPDATES

AREI UPDATES is a periodic series that supplements and updates information in **Agricultural Resources and Environmental Indicators (AREI)**, USDA, ERS, AH-705, Dec. 1994. **UPDATES** report recent data from surveys of farm operators and others knowledgeable about changing agricultural resource use and conditions, with only minimal interpretation or analysis. Please contact the individual listed at the end of the text for additional information about the data in this **UPDATE**. If you would like to be added to the mailing list or have other questions about **AREI UPDATES** or **AREI**, contact Richard Magleby, (202) 219-0436 [rmagleby@econ.ag.gov].

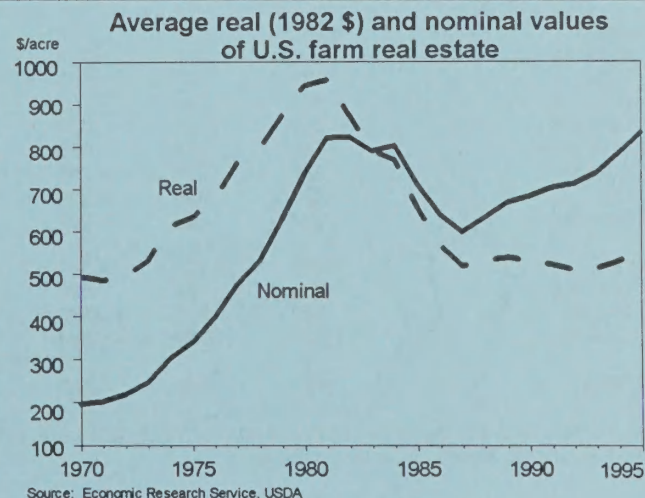


Table 1—Average per acre value of farm real estate, by State, 1988-95 ¹

State	1988	1989	1990	1991	1992	1993	1994	1995	Change 1994-95
Dollars									Percent
Northeast:	1,586	1,826	1,850	1,900	1,980	2,095	2,311	2,414	4.4
Maine	962	1,046	1,073	1,057	1,033	1,130	1,232	1,245	1.1
New Hampshire	2,112	2,253	2,269	2,194	2,103	2,256	2,459	2,486	1.1
Vermont	1,124	1,226	1,262	1,248	1,223	1,342	1,463	1,479	1.1
Massachusetts	3,553	3,988	4,227	4,301	4,340	4,898	5,339	5,398	1.1
Rhode Island	4,748	5,289	5,564	5,619	5,627	6,304	6,871	6,947	1.1
Connecticut	4,171	4,715	5,033	5,158	5,241	5,959	6,495	6,567	1.1
New York	993	1,045	1,014	1,095	1,139	1,237	1,383	1,380	-0.2
New Jersey	3,969	4,947	5,494	6,341	6,710	6,942	7,407	8,052	8.7
Pennsylvania	1,579	1,936	1,929	1,937	2,073	2,056	2,247	2,339	4.1
Delaware	1,765	2,037	2,214	2,181	2,042	2,246	2,511	2,689	7.1
Maryland	2,261	2,534	2,563	2,394	2,530	2,911	3,310	3,707	12.0
Lake States:	788	820	843	909	920	956	986	1,048	6.3
Michigan	971	983	1,005	1,086	1,106	1,131	1,214	1,329	9.5
Wisconsin	826	845	801	849	865	925	968	1,065	10.0
Minnesota	700	747	810	881	884	910	914	936	2.5
Corn Belt:	1,003	1,108	1,112	1,153	1,191	1,236	1,331	1,448	8.8
Ohio	1,199	1,298	1,273	1,323	1,396	1,456	1,593	1,800	13.0
Indiana	1,158	1,249	1,254	1,291	1,325	1,395	1,504	1,654	10.0
Illinois	1,262	1,391	1,405	1,459	1,536	1,548	1,694	1,863	10.0
Iowa	947	1,095	1,090	1,139	1,153	1,212	1,281	1,349	5.3
Missouri	640	684	701	723	734	774	825	880	6.7
Northern Plains:	368	387	401	403	400	401	432	458	6.0
North Dakota	319	317	321	337	318	335	353	373	5.6
South Dakota	269	273	291	293	286	273	286	302	5.6
Nebraska	457	511	524	517	517	514	562	596	6.0
Kansas	413	429	450	449	460	463	503	535	6.4
Appalachia:	1,037	1,109	1,177	1,154	1,222	1,299	1,336	1,436	7.5
Virginia	1,198	1,397	1,665	1,490	1,643	1,636	1,690	1,771	4.8
West Virginia	682	731	664	704	843	849	869	910	4.7
North Carolina	1,263	1,364	1,355	1,382	1,455	1,573	1,609	1,749	8.7
Kentucky	896	910	978	958	988	1,077	1,136	1,250	10.0
Tennessee	1,001	1,037	1,067	1,095	1,130	1,245	1,250	1,336	6.9
Southeast:	1,130	1,216	1,300	1,319	1,301	1,345	1,427	1,533	7.4
South Carolina	871	990	1,011	1,112	1,152	1,137	1,204	1,337	11.0
Georgia	920	1,030	1,079	1,095	1,025	1,131	1,154	1,256	8.9
Florida	1,790	1,880	2,070	2,110	2,033	2,037	2,165	2,219	2.5
Alabama	800	847	890	864	936	1,000	1,117	1,262	13.0
Delta States:	781	809	806	834	820	866	912	972	6.6
Mississippi	697	717	736	766	754	777	836	886	6.0
Arkansas	761	801	796	841	815	880	927	983	6.1
Louisiana	940	959	925	920	926	972	1,000	1,082	8.2
Southern Plains:	531	520	504	494	487	498	521	550	5.4
Oklahoma	480	518	491	477	482	496	517	547	5.9
Texas	544	521	507	498	488	499	522	550	5.3
Mountain:	257	259	265	283	283	290	319	346	8.5
Montana	205	202	222	219	219	227	254	277	9.0
Idaho	572	593	658	654	680	682	774	836	8.0
Wyoming	147	144	153	159	145	159	180	192	6.8
Colorado	369	375	374	437	400	426	479	520	8.7
New Mexico	180	185	185	210	212	194	208	225	8.1
Arizona	279	276	267	291	311	316	325	347	6.6
Utah	425	426	398	417	445	491	537	606	13.0
Nevada	227	242	207	241	262	252	268	289	8.0
Pacific:	1,089	1,175	1,259	1,360	1,406	1,449	1,510	1,549	2.6
Washington	739	777	821	864	880	892	1,025	1,065	3.9
Oregon	542	536	573	586	607	663	747	844	13.0
California	1,575	1,742	1,884	2,077	2,157	2,213	2,213	2,215	0.1
48 States	632	668	683	703	713	736	782	832	6.4

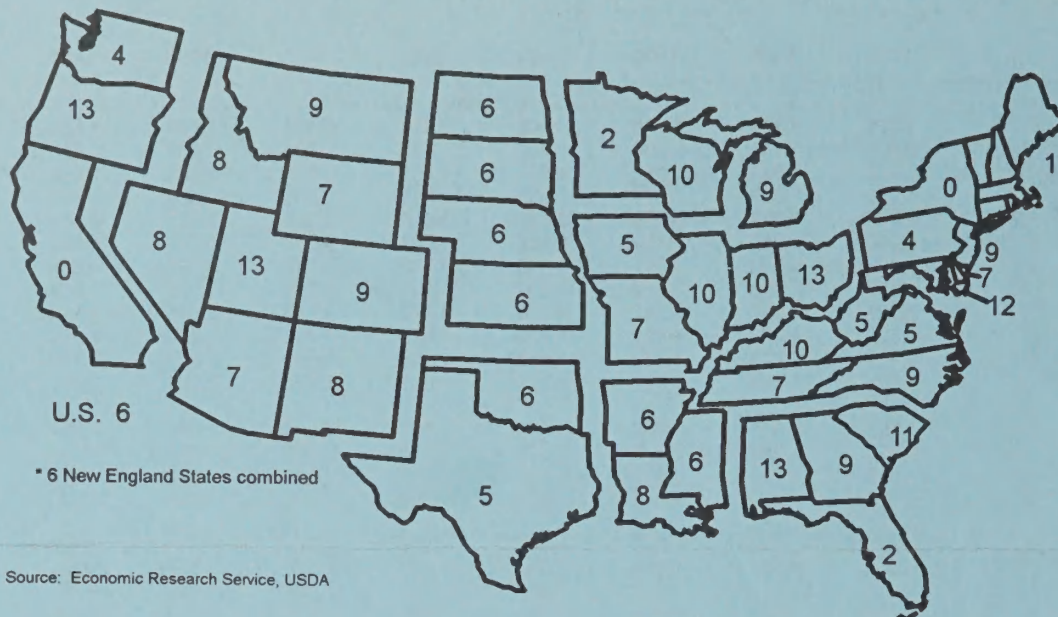
¹ Value of farmland and buildings in nominal dollars. Value data as of Jan. 1. The 1989-94 data are revised based on the 1992 Census of Agriculture. Source: Economic Research Service, USDA

Table 2—Average per acre real (inflation-adjusted) value of farm real estate, by State, 1988-95 ¹

State	1988	1989	1990	1991	1992	1993	1994	1995	Change 1994-95
	1982 Dollars								Percent
Northeast:	1,329	1,473	1,430	1,408	1,410	1,454	1,563	1,606	2.8
Maine	806	844	830	783	736	784	833	828	-0.6
New Hampshire	1,770	1,817	1,754	1,626	1,497	1,566	1,663	1,654	-0.6
Vermont	942	989	976	925	871	931	989	984	-0.6
Massachusetts	2,978	3,217	3,268	3,188	3,090	3,399	3,611	3,591	-0.6
Rhode Island	3,980	4,266	4,302	4,165	4,007	4,375	4,648	4,622	-0.6
Connecticut	3,496	3,803	3,891	3,823	3,732	4,135	4,393	4,369	-0.6
New Jersey	832	843	784	812	811	858	935	918	-1.8
New York	3,327	3,990	4,247	4,700	4,778	4,818	5,010	5,356	6.9
Penn.	1,324	1,562	1,491	1,436	1,476	1,427	1,520	1,556	2.4
Delaw.	1,479	1,643	1,712	1,617	1,454	1,559	1,698	1,789	5.3
Maryland	1,895	2,044	1,981	1,774	1,801	2,020	2,239	2,466	10.2
Lake States	661	661	652	674	655	663	667	697	4.5
Michigan	814	793	777	805	788	785	821	884	7.7
Wisconsin	692	682	619	629	616	642	655	708	8.1
Minnesota	587	603	626	653	629	632	618	623	0.8
Corn Belt:	841	894	860	855	848	857	900	963	6.9
Ohio	1,005	1,047	984	981	994	1,010	1,077	1,197	11.1
Indiana	971	1,007	969	957	943	968	1,017	1,100	8.1
Illinois	1,058	1,122	1,086	1,081	1,094	1,074	1,145	1,239	8.2
Iowa	794	883	843	844	821	841	867	897	3.6
Missouri	536	552	542	536	523	537	558	585	4.8
Northern Plains:	308	312	310	299	285	278	292	305	4.5
North Dakota	267	256	248	250	226	232	239	248	3.9
South Dakota	225	220	225	217	204	189	194	201	3.9
Nebraska	383	412	405	383	368	357	380	396	4.1
Kansas	346	346	348	333	328	321	340	356	4.6
Appalachia:	869	894	910	855	870	902	904	955	5.6
Virginia	1,004	1,127	1,287	1,104	1,170	1,135	1,143	1,178	3.1
West Virginia	572	590	513	522	600	589	588	606	3.0
North Carolina	1,059	1,100	1,048	1,024	1,036	1,092	1,088	1,164	6.9
Kentucky	751	734	756	710	703	747	769	832	8.3
Tennessee	839	836	825	812	805	864	845	889	5.1
Southeast:	947	981	1,005	978	926	933	965	1,020	5.7
South Carolina	730	799	782	824	820	789	814	889	9.2
Georgia	771	831	834	812	730	785	780	836	7.1
Florida	1,500	1,516	1,600	1,564	1,448	1,414	1,465	1,476	0.8
Alabama	671	683	688	640	666	694	756	840	11.2
Delta States:	655	653	623	618	584	601	617	647	4.9
Mississippi	584	578	569	568	537	539	566	590	4.3
Arkansas	638	646	615	623	580	611	627	654	4.4
Louisiana	788	774	715	682	659	675	677	720	6.4
Southern Plains:	445	419	390	366	347	346	352	366	3.7
Oklahoma	402	418	380	354	343	344	350	364	4.2
Texas	456	420	392	369	347	346	353	366	3.6
Mountain:	215	209	205	210	202	201	216	230	6.5
Montana	172	163	172	162	156	158	172	184	7.1
Idaho	479	478	509	485	484	473	524	556	6.2
Wyoming	123	116	118	118	103	110	121	128	5.0
Colorado	309	302	289	324	285	296	324	346	6.8
New Mexico	151	149	143	156	151	135	141	150	6.5
Arizona	234	223	206	216	221	219	220	231	4.8
Utah	356	344	308	309	317	341	363	403	11.0
Nevada	190	195	160	179	187	175	181	192	6.1
Pacific:	913	948	973	1,008	1,001	1,008	1,021	1,030	0.9
Washington	619	627	635	640	627	619	693	708	2.2
Oregon	454	432	443	434	432	460	505	561	11.0
California	1,320	1,405	1,457	1,540	1,536	1,536	1,497	1,474	-1.5
48 States	530	539	528	521	507	511	529	553	4.5

¹ Nominal values for farmland and buildings adjusted by the Gross Domestic Product implicit price deflator indexed to 1982=100. Value data as of Jan. 1. Source: Economic Research Service, USDA.

Percent change in farm real estate value per acre, Jan.1, 1994 to Jan. 1, 1995



Estimating Farm Real Estate Values

ERS benchmarks its farm real estate value data on the Census of Agriculture, which is conducted twice each decade. For years between Censuses, ERS calculates annual percentage changes in value from other sources (currently the June Agricultural Survey or JAS) and applies those percentage changes to the Census benchmark values. These adjustments between Census years are preliminary estimates. Because the JAS collects its data as of June 1 and the Census collects its data as of January 1, additional procedures are applied to make them consistent. For this report, an interpolation was made (from June to January) to estimate the January percentage changes. Percentage changes from the 1994 and 1995 JAS and the 1993 and 1994 Agricultural Land Values Surveys were used as the basis for the interpolation.

When data from a new Census become available, ERS then adjusts the estimates made in the years since the previous Census so as to reconcile them with the benchmarks. For instance, now that the 1992 Census data are available, ERS revised its previously published farm real estate (farmland and buildings) value estimates (covering 1989-94) to realign them with the data from the 1992 Census. To illustrate, the previously published 1993 average farmland value estimate for 48 States was revised from \$699 to \$736 per acre, a 5-percent upward revision, based on the 1992 Census data.

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